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Confederation of Indian Industry-
Northern Region

ECONOMY AND POLICY UPDATE

Economic & Policy Update is a monthly review, presenting the macro economic developments, industry trends, up-to-date news and an analytical view of policies and notifications, issued by the northern states.

In this issue

SECTION I: MONTHLY UPDATE OF MACRO-ECONOMIC DEVELOPMENTS

SECTION II: INDUSTRY SALES TREND

- Industry Sales Trend in India
- Sales Trend of Major Industries in Northern Region

SECTION III: INVESTMENT SCENARIO

- FDI Equity Inflow
- Domestic Investments

SECTION IV- IN FOCUS

The Case for Continuity of Economic Stimulus Packages

SECTION V: POLICY, INVESTMENT AND NOTIFICATION TRACKER

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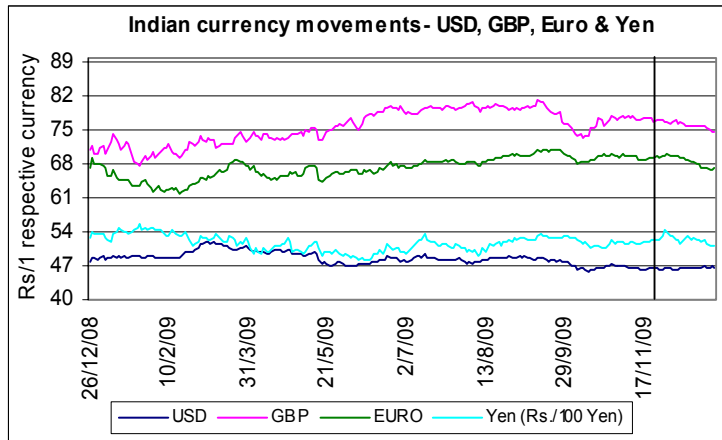
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SECTION I: MONTHLY UPDATE OF MACRO-ECONOMIC DEVELOPMENTS

(Nov 25 - Dec 24, 2009)

Indian Rupee gains against most major currencies

Indian Rupee has been witnessing a relatively positive trend against most of the major currencies during the period Nov 25, 2009-Dec 24, 2009. However, the value of Indian Rupee fluctuated slightly against the US Dollar. It registered a 4-day gaining streak from Nov 30, 2009 to Dec 3, 2009 against the US Dollar on expectations of fresh capital inflows and dollar selling by exporters. The US Dollar's weakness against other major currencies also supported the domestic currency. However,

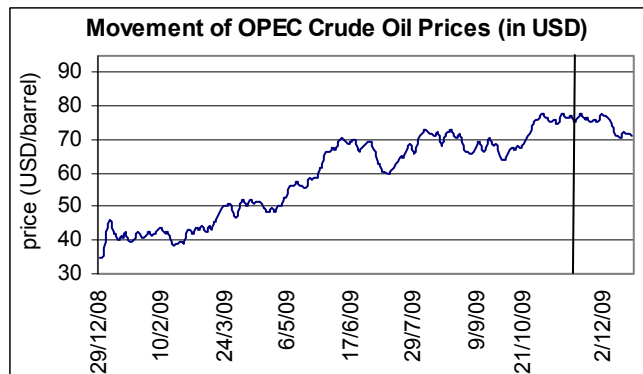


Source: RBI and Cygnus Research

Indian Rupee registered a 4-day losing streak from Dec 4, 2009 to Dec 9, 2009 against the US Dollar largely due to sustained buying of the later by banks and importers. The Indian Rupee depreciated 0.91% during the period to reach 46.76 per US Dollar on Dec 24, 2009. The Indian Rupee appreciated against British Pound, Euro and Japanese Yen, with a maximum appreciation of 3.41% against the Euro. This was followed by the 2.94% appreciation against British Pound and 2.36% appreciation against Japanese Yen.

Oil price fluctuate on US Dollar value

The crude oil price of OPEC Reference Basket (ORB) recorded a fluctuating trend throughout the period Nov 25, 2009-Dec 22, 2009. OPEC oil prices have been oscillating within a wide range between USD70 to USD78 per barrel during the four weeks. There was continuous fall in oil prices from Dec 4, 2009 to Dec 14, 2009, with Dec 10, 2009 registering the highest fall of USD2.27 per barrel. This was mainly due to the strengthening of US Dollar and the announcement by and several OPEC ministers that they don't expect

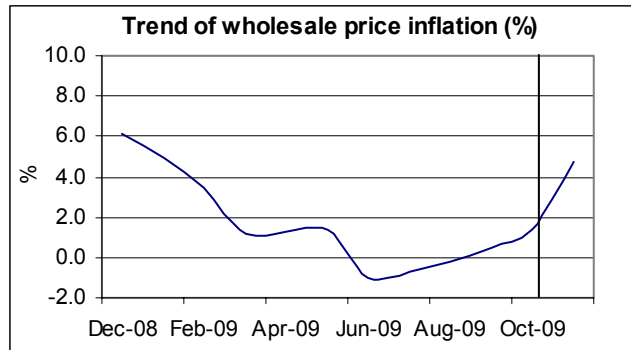


Source: OPEC and Cygnus Research

their group to change production levels. Between Nov 25, 2009 and Dec 22, 2009, the crude oil prices declined by 5.75% to reach USD71.32 per barrel on Dec 22, 2009.

Inflation surges on accelerating food prices

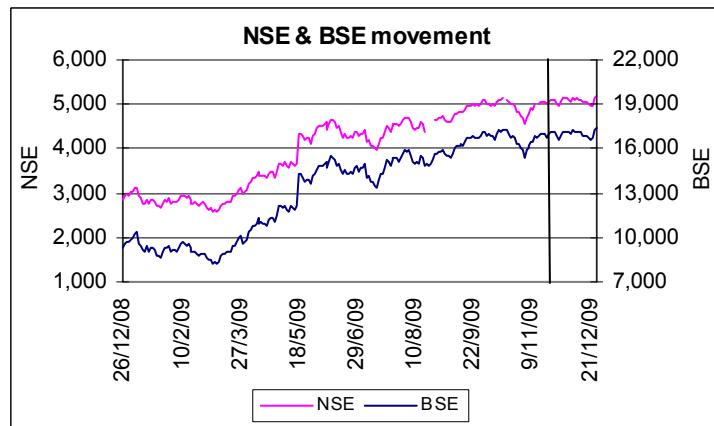
The average wholesale price inflation for the month of November 2009 increased to 4.78% as against 1.34% during the previous month. CPI (Consumer Price Index) inflation is still elevated. The rise in WPI inflation was largely fuelled by accelerating food prices. Food inflation surged to 17.47% in the third week of November, fuelled by expensive onions and other essentials. Food prices have been rising mainly due to the worst monsoon rains, followed by floods in some regions that adversely affected crops in the country. The average inflation rate for commodities under the 'primary articles' groups stood at 11.84% in November against 8.71% during the previous month. The inflation rate for the "fuel, power, light and lubricants" group, stood at -0.89% during November as against -6.55% in the previous month. The average inflation rate for non-food articles stood at 1.87% in November against -0.76% during the previous month. The inflation rate for minerals stood at -2.26% during November as against -3.66% in the previous month.



Source: MOSPI and Cygnus Research

NSE & BSE Sensex witness fluctuating trend

Indian stock market witnessed a slight fluctuating trend from Nov 25, 2009 to Dec 24, 2009. On Nov 26, 2009, both Nifty and Sensex recorded the highest fall of 102.60 points and 344.02 points respectively. This was largely due to heavy selling pressure as signs of weakness in the international financial markets surfaced again. Similarly, on Dec 23, 2009, both Nifty and Sensex recorded the highest gain of 158.75 points and 539.11 points respectively. This was largely due to heavy buying by funds ahead of the long weekend amid reports of easing food inflation and positive global cues.



Source: NSE, BSE and Cygnus Research

The Nifty jumped by 1.4% during Nov 25, 2009-Dec 24, 2009, while the Sensex gained more than 0.9% during the same period.

Leading Indicators

Important Economic Indicators			
GDP Growth (%) at factor cost (1999-2000 Prices)	6.1 (April-June, 2009)		7.8 (April-June, 2008)
	7.9 (Jul-Sep, 2009)		7.7 (Jul-Sep, 2008)
	Half Year (April- September 2009)		
	7.0		7.8
	% Change		
	October 2009 over October 2008	October 2009 over September 2009	October 2008 over October 2007
IIP Growth*	10.3	-4.2	0.1
Mining	8.2	8.3	3.2
Manufacturing	11.1	-5.6	-0.6
Electricity	4.7	2.3	4.4
	November 2009 over November 2008	November 2009 over October 2009	November 2008 over November 2007
Six Core Industries Growth	5.3	-3.4	0.8
Coal	3.3	4.5	9.7
Electricity Generation	1.8	-8.9	2.6
Crude Petroleum	-1.6	-2.1	0.5
Petroleum Products	4.9	-5.7	-1.1
Finished Steel	11.7	0.1	-6.3
Cement	9.0	0.7	8.7
International Trade			
Exports (USD billion)	13.2 (Nov 09) ^β - 18.2% growth over corresponding period of 2008-09		11.2 (Nov 08) [#] - 20.1% decline over same period of 2007-08
Imports (USD billion)	22.9 (Nov 09) ^β - 2.6% decline over corresponding period of 2008-09		23.5 (Nov 08) [#] 1.6% growth over same period of 2007-08
Credit Indicators			
Prime Lending Rate (%)	11.00-12.00 (Nov 6, 2009)	11.00-12.00 (Oct 9, 2009)	13.75-14.00 (Nov 7, 2008)
Non-Food Credit (Rs. billion)	28,751 (Dec 25, 2009)	28,496 (Nov 20, 2009)	25,909 (Dec 26, 2008)
Advanced/Leading Industries Trend			
Railway Freight (million tonnes)	72.8 (Nov 09) - 6.1% growth over corresponding period of 2008-09		66.6 (Nov 08) - 1.3% growth over corresponding period of 2007-08
Automobiles Sales (million units)	1.0 (Nov 09) - 45.8% growth over corresponding period of 2008-09		0.7 (Nov 08) - 18.0% decline over corresponding period of 2007-08
Domestic Aircraft Passengers (millions)	3.9 (Nov 09) - 29.9% growth over corresponding period of 2008-09		3.0 (Nov 08)
New Telecom Subscription (million connections)	17.6 (Nov 09) - 72.4% growth over corresponding period of 2008-09		10.2 (Nov 08) - 23.8% growth over corresponding period of 2007-08
<i>Source: RBI, MOSPI, PIB, Ministry of Finance and Cynus Research</i>			
<i>Note: * Latest available data is up to Oct 2009; ^β Provisional figures ; [#] Revised figures</i>			

SECTION II: INDUSTRY SALES TREND

INDUSTRY SALES TREND-REGION WISE

Region	Y-on-Y (%) Q2 FY 10
North	Up 16.9
South	Up 19.7
East	Up 16.4
West	Up 21.7
<i>Source: CMIE –Prowess</i>	
<i>Note: Industry sales trends are based on reported sales figures of listed companies</i>	
<i>Industries include Agro & Food Processing, Pharmaceuticals, Textile, Auto & Auto Components, Consumer Durables, Metals & Minerals, Leather & Leather Products, IT & ITES, Hotel & Tourism and Others</i>	

SALES TREND OF MAJOR INDUSTRIES IN NORTHERN REGION

Industry	Y-on-Y (%) Q2 FY 10	
	Overall India	Northern Region *
Manufacturing Sector		
Agro and Food Processing Industry	Up 16.2	Down 0.7
Pharmaceuticals	Up 15.1	Up 12.2
Textile	Up 6.2	Up 8.2
Sugar	Up 10.5	Up 37.7
Auto and Auto Components	Up 1.5	Up 9.7
Consumer Durables	Up 6.4	Up 2.8
Metals and Minerals	Up 11.6	Up 7.9
Leather and Leather Products	Up 13.6	Up 12.8
Services Sector		
IT & ITES	Up 21.8	Up 6.5
Hotel & Tourism	Down 5.7	Down 9.2
<i>Source: CMIE –Prowess</i>		
<i>Note: Industry sales trends are based on reported sales figures of listed companies</i>		
<i>Note: Northern region consists of Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand</i>		
<i>N.A- Not Available</i>		

SECTION III: INVESTMENT SCENARIO

Foreign Direct Investments

FDI equity inflows in USD Million into Northern States					
Region	Oct, 2009	Sep, 2009	Oct, 2008	% growth of Oct, 2009 over Sep, 2009	% growth of Oct, 2009 over Oct, 2008
Delhi, parts of UP & Haryana	533	707	16	-24.5	3192.2
Chandigarh, Punjab, HP, Haryana	11	0	0	NA	NA
Rajasthan	0	1	0	-100.0	NA
UP & Uttarakhand	0	3	0	-100.0	NA

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

Domestic Investments - Industrial Entrepreneur Memorandum (IEM)

State-wise IEMs proposed in October 2009						
State	No of IEMs			Investment in Rs Million		
	Oct, 2009	Oct, 2008	% change	Oct, 2009	Oct, 2008	% change
Chandigarh	0	0	NA	0	0	NA
Delhi	2	2	0.0	80	50	60.0
Haryana	6	6	0.0	640	2740	-76.6
Himachal Pradesh	3	0	NA	1180	0	NA
J&K	2	2	0.0	1770	90	1866.7
Punjab	6	2	200.0	1490	330	351.5
Rajasthan	10	7	42.9	48210	1960	2359.7
Uttar Pradesh	12	11	9.1	2380	4410	-46.0
Uttarakhand	7	6	16.7	1480	3050	-51.5

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

State-wise IEMs implemented in October 2009						
State	No of IEMs			Investment in Rs Million		
	Oct, 2009	Oct, 2008	% change	Oct, 2009	Oct, 2008	% change
Chandigarh	0	0	NA	0	0	NA
Delhi	0	0	NA	0	0	NA
Haryana	1	0	NA	170	0	NA
Himachal Pradesh	0	0	NA	0	0	-100.0
J&K	1	0	NA	340	0	NA
Punjab	2	1	100.0	0	0	NA
Rajasthan	1	4	-75.0	0	50	NA
Uttar Pradesh	3	1	200.0	620	0	NA
Uttarakhand	5	2	150.0	210	0	NA

Source: DIPP and Cygnus Research
Note: NA- Not Applicable; Regions are as per RBI classification

SECTION IV- IN FOCUS

The Case for Continuity of Economic Stimulus Packages

Introduction

The recent global economic crisis forced several governments across the world to introduce economic stimulus packages by expansionary fiscal and monetary policies. The initiatives taken by the governments were to ensure that there are no impediments to their economic growth. The governments are striving hard to restore the momentum of growth in the developing world and there was need to replace lost export demand and to expand investment. Countries had spent huge amount of money in stimulus packages to help the economies which has resulted in high fiscal deficit in almost every country and also greater borrowing, which have propensity to leave little resources to the private sector.

However, with the global economy slowly bouncing back to normalcy, a worldwide debate has begun on whether to withdraw or continue the stimulus packages introduced as measures to capture the economic downfall. Governments are also concerned about the fact that further continuation of these stimulus packages would widen their fiscal deficit. Though, business houses across the world feel that stimulus packages should continue to further stabilize the economy till it is fully recovered. As a result, two groups have formed, one that supports gradual withdrawal of stimulus packages from here on and the other that believe stimulus packages has to continue further.

Global Perspective

The recovery of global economy in the second half of 2009 was largely due to the several stimulus measures taken by various governments. Countries such as the US and China announced a series of hefty stimulus packages until the recent past. Pulling out these due to concerns about mounting fiscal deficits and levels of public indebtedness could lead to a "double dip recession". International organizations such as the UN, the EU and G-20 have cautioned their member countries against a premature withdrawal of stimulus measures taken by them since late 2008 that have led to the rebound in the world economy. Most of the global demand is currently being held up by expansionary fiscal policies so if this would be withdrawn now then the world economy may recede back into negative territory or possibly into worldwide recession. At this point there is no other source of demand to keep the economies going.

Top 5 countries in terms of amount committed for fiscal stimulus (as on 31st Mar 2009)	
Country	Amount (USD Billion)
US	972
China	586
Japan	146
Germany	105
Italy	104
<i>Source: Financial Times</i>	

Indian Scenario

The government of India has pumped in Rs.2,200 billion into the economy as stimulus packages from December 2008 through February 2009. Since the downfall of Lehman Brothers in September 2008 which triggered the global financial crisis, the government of India has provided three stimulus packages to spur growth in a slowing down economy. On 26th February 2009, a fourth set of stimulus was also provided by the government through foreign trade policy. All these were in tandem with the measures taken by the Reserve Bank of India (RBI) to make available more liquidity to the cash-starved industry. The fiscal packages were mainly aimed at sacrificing tax revenue and raising public expenditure with a view to generating more demand for industrial goods. The government liberalised various rules and regulations that was indented to up liquidity and give a boost to spending and investment in the country. Though, India's stimulus packages pales in comparison with that of countries like the US and China.

However, with the economy recording a growth rate of 7.9% in the second quarter (July-October 2009), it is expected that the government of India may start withdrawing the stimulus. Also, these stimulus packages are projected to widen the fiscal deficit

to 6.8% of the GDP during FY10, against 6.2% in 2008-09. Such high deficit cannot be sustained, but at the same time, the government is against any hasty withdrawal of the stimulus measures, as it is too early to conclude that the economy has firmly come out of the morass. Exiting the accommodative stance abruptly would not be a correct approach at the moment. The government is trying to strike a right balance between the requirements of the economy and its capacity to bear this level of fiscal deficit. The government is targeting a fiscal deficit of 5.5% of GDP in 2010-11 and 4% in 2011-12. The government is working with the RBI to ensure that government borrowing does not elbow out private demand.

	Date of Announcement	Important Measures
1 st Stimulus Package	7 th December 2008	<ul style="list-style-type: none"> ▪ Excise Duty reduced by 4%. ▪ Provided interest subvention of 2% on labour intensive exports. ▪ Credit Guarantee Scheme for MSMEs on loans extended from Rs5 million to Rs10 million.
2 nd Stimulus Package	2 nd January 2009	<ul style="list-style-type: none"> ▪ RBI reduced repo rate from 6.5% to 5.5% and reverse repo rate from 5.0% to 4.0%. ▪ RBI reduced CRR of scheduled banks from 5.5% to 5.0%. ▪ RBI further liberalized the policy on external commercial borrowing (ECB).
3 rd Stimulus Package	24 th February 2009	<ul style="list-style-type: none"> ▪ Service Tax Rates reduction by 2%. ▪ Central Excise Rate reduced by 2%. ▪ The 4% cut in Excise Duty extended.
4 th Stimulus Package	26 th February 2009	<ul style="list-style-type: none"> ▪ Under EPCG, export obligation extended till 2009-10 for exports during 2008-09. ▪ DEPB/Duty Credit Scrip Utilization extended for payment of duty for import of restricted items also. ▪ Duty Credit Scrips under DEPB Scheme to be issued without waiting for realization of export proceeds.
<i>Source: Government of India</i>		

Conclusion

A balance has to be struck on the issue of continuity of the stimulus packages. The aim should be to maintain economic growth in the country. The packages should not be prolonged so as to make public debt hard and prevent the private sector from accessing resources because of huge government borrowing. The withdrawal of the stimulus measures should not be too early either as it could have adverse impact on the economy. Unless a full recovery is possible and the planners are in a position to make a hard assessment that it is the appropriate time, the stimulus measures should not be withdrawn. There is a general agreement that stimulus packages should not be withdrawn or phased out prematurely or abruptly. The government of India should plan for a gradual and orderly withdrawal of stimulus measures when the time is right.

SECTION V: POLICY, INVESTMENT AND NOTIFICATION TRACKER

CHANDIGARH

POLICY TRACKER

News

Flour mills suffer due to flawed policies (Source: Business Standard, Date: 01/12/2009)

The flour mills in Chandigarh are peeved over the policies being practised by the local authorities that are affecting the industry in Chandigarh. With flour mills in Chandigarh being levied 4% purchase tax; it was making life tough for the flour mills in Chandigarh. The flour mills in Chandigarh rue that with 'purchase tax' being levied in Chandigarh on the flour mills, it was impacting their growth. The six flour mills in Chandigarh that are running at 25% capacity maintained that imposition of purchase tax was weighing heavy on minds of the flour mill owners. Despite being in proximity to Punjab and Haryana that adds 90% of wheat to the central pool, flour mills in Chandigarh are unable to purchase wheat from these states and usually have to purchase wheat from other states that are exempted from tax.

Industries await new policy (Source: Business Standard, Date: 14/12/2009)

Industrialists in Chandigarh feel that lack of policy guidelines is affecting growth. Around 4,500 industrial units located in the Chandigarh industrial area that have been eagerly awaiting the implementation of the new industrial policy. The absence of an industrial policy for last thirty years has adversely impacted the growth of industrial units in Chandigarh.

CHANDIGARH

INVESTMENT TRACKER

News

Chandigarh to become solar city (Source: Business Standard, Date: 19/12/2009)

The plan to develop Chandigarh as 'model solar city' by 2018 could help the city save at least 500 million units of electricity by adopting energy efficiency measures and generating electricity through solar PV plants. The government of India has accorded in-principle approval for Chandigarh to be developed as solar cities. A solar city aims to reduce a minimum of 10% of its projected demand of conventional energy at the end of five years through energy efficiency measures and generation from renewable energy installations. At present there is possibility of 20% energy savings in commercial sector.

IT companies plan overseas expansion (Source: Financial Express, Date: 16/12/2009)

Chandigarh-based IT firms are harbouring plans to expand their presence abroad. Most of them have branches overseas and aim to increase their footprints. Some of the hot destinations include the US, other Asian countries such as China and Japan and continental Europe.

Chandigarh records rise in software exports (Source: Financial Express, Date: 12/12/2009)

Total software exports from Chandigarh stood at Rs4.0 billion in the first half of 2009-10, against Rs3.3 billion in the corresponding period last year. Software exports from the Rajiv Gandhi Chandigarh Technology Park (RGCTP) have increased 22.5% to Rs3.5 billion in the first half of this fiscal, compared with Rs2.9 billion during the corresponding period last year. The IT units located outside the techno park have registered an increase of 16.3% in software exports in the first half of 2009-10. These units exported software worth Rs494.3 million during this period.

DELHI

POLICY TRACKER

News

No stamp duty for merger between parent company & subsidiary (Source: Financial Express, Date: 16/12/2009)

A wholly owned subsidiary merging with its parent company will no longer have to pay stamp duty to the Delhi government on account of vesting of the immovable properties of the subsidiary company with the parent company. However, held in case of merger of two companies unrelated to each other (independent /sharing no subsidiary — parent relationship), the transferee company has to pay stamp duty on account of vesting of the immovable properties of the transferor company with the transferee company.

DELHI

INVESTMENT TRACKER

News

Häagen-Dasz starts outlet in city (Source: Financial Express, Date: 12/12/2009)

The world's favourite premium ice cream brand, Häagen-Dasz, has opened its first café in Delhi. The brand, which has over 900 shops globally, sees this as the first step towards a more pan India presence. General Mills India is bringing the brand to India in a franchisee agreement with RTC Restaurants. Häagen-Dasz has been retailing in Mumbai for about a year and in Delhi for a few months from select outlets. The brand is looking at opening more cafes, but also wants to test the waters through its first flagship café. The entry of Häagen-Dasz meant the emergence of a new category of ice creams in terms of price. A 100 ml scoop costs Rs165, significantly more than that of the nearest competitors.

HARYANA

POLICY TRACKER

News

Panchkula industries await modification in policy (Source: Business Standard, Date: 16/12/2009)

Industrialists in Panchkula eagerly await the review that might help in changing the facade of industry in the state. Unlike their counterparts in Chandigarh and Mohali who are not visibly pacified by their industrial policy, industrialists are hoping that the much-awaited review might be able to meet some of their grievances. Panchkula industrial area houses around 800 industrial units that are into manufacturing of building materials like furniture and decorated laminates, sanitary ware manufacturers, pharmaceutical units and also the ancillary units catering to the tractor industry. The factor that has affected the growth of industries in Panchkula region is the infrastructure. The poor conditions of road and erratic power supply continue to haunt the existing industries in Panchkula. Haryana State Industrial and Infrastructure Development Authority (HSIIDC) had failed to address the infrastructure problem.

Haryana fisheries to get government backing (Source: Business Standard, Date: 21/12/2009)

With an intention to give impetus to fish farming in the state, the government had established 18 fish farmers' development agencies. These agencies were extending technical and financial assistance to fish farmers who had either taken village ponds on long lease or had excavated ponds on their own land. The Haryana state government has envisaged to bring 20,000 hectares water area under fish farming by stocking 400 million fish seed by the end of the 11th Five Year Plan, which was presently 16,275 hectares. It was also targeted to enhance fish productivity from 5,200 Kg per hectare per year in 2008-09 to 5,300 Kg during 2009-10. The fisheries department has fixed a target to produce 88,125 tonnes of fish during the current financial year as against 76,285 tonnes produced in the last financial year, which will further be increased to 100,000 tonnes by the end of the 11th Five Year Plan.

Reforms to encourage private investment in power distribution (Source: Business Standard, Date: 12/12/2009)

The Haryana state government announced plans to introduce reforms in the power distribution system in the state by incorporating private players as distribution franchisee. Haryana had a transmission and distribution (T&D) loss of about 29%. This initiative would help to check not only T&D losses but also enhance efficiency in management of distribution. The bidding parameter is yet to be decided but the franchisee should be in place by the end of 2010. The state was expected to get funding from Accelerated Power Development and Reform Programme (APDRP) for reducing the T&D losses.

HARYANA

INVESTMENT TRACKER

Somany Ceramics to invest in Haryana unit (Source: Financial Express, Date: 09/12/2009)

Somany Ceramics, a leading tile manufacturer, announced plans to invest Rs450 million towards expansion of capacity at the company's Haryana unit over the next few months. This is in line with the company's plan to become a Rs6.50 billion company by 2011-12. The company would expand capacity of its Kassar (Haryana) plant to 37,500 sq metre of tiles per day, from 30,000 sq metre daily currently. The expanded capacity at the company's plant would be commissioned by March-April 2010. It will help the company to add another Rs600 million to its revenue annually. The expansion is part of the company's plans to increase its turnover to Rs6.50 billion by 2011-12.

News

New solar plants to come up in Haryana (Source: Financial Express, Date: 28/11/2009)

Of the five proposals sent to the Ministry of new and renewable energy by Haryana renewable energy development agency (Hareda), three projects have been approved. Three standalone SPV power projects of 225 kw have been approved for Gurgaon under the SPV rooftop programme. Two solar power projects of 100 kw each will be set up at Omax Autos, Manesar and Automax, village-Binola, Gurgaon at a cost of Rs26 million each. The ministry will provide financial assistance of Rs7.5 million for each project. The third project of 25 -kw capacity will be set up at Serco BPO in Gurgaon at a cost of Rs8.85 million for which they will be provided a subsidy of Rs1.9 million by the ministry. The scheme aims to motivate commercial and industrial establishments like hotels, hospitals and housing complexes to replace diesel gen-sets installed for captive requirement during load sheddings with these plants.

NPCIL to set up N-plant in Haryana (Source: Business Standard, Date: 04/12/2009)

Nuclear Power Corporation of India (NPCIL) has initiated the process to set up a 4x700 MW nuclear power project in Haryana. This would be a green project with zero emission and the radiation level would also be within the prescribed limit. The ambitious project involves an investment of Rs120 billion and the site of the project falls between Kumharia and Gorakhpur in the district of Fatehabad. The Centre had accorded in-principal approval for setting up of 4x700 MW in two phases in October 2009. The pre-project activity would be completed by 2010-11 or early 2012. The construction of first and second units would be started by March 2012.

World Bank assists Haryana on thermal power projects (Source: Business Standard, Date: 19/12/2009)

The World Bank – Global Environment Facility (GEF) assisted Coal Fired Generation Rehabilitation Project aimed to rehabilitate and modernise 110 MW for units 3 and 4 of Panipat thermal power plant. For this purpose, a project agreement was simultaneously signed between the World Bank, the Government of Haryana and HPGCL. The loan comprised of Rs5 billion, out of which, the equity of the state government was Rs1.22 billion and GEF grant of Rs650 million with maturity period of 30 years. Besides, reduction in carbon emissions, the R&M under Coal Fired Generation Rehabilitation Project shall also support efforts to control particulate emissions and improve water treatment and ash disposal at these plants leading to better environment.

Ok Play to expand plant capacity (Source: Project Alert, Date: 14/12/2009)

Ok Play India announced plans to expand capacity of the company's plastic products plant at Mewat in Gurgaon, Haryana. The plant's plastic products capacity would be increased from 4,19,100 units per day to 5,92,400 units per day. The project work is scheduled to start by February 2010 and is

expected to be completed by October 2010.

Hissar power plant starts operation (Source: Business Standard, Date: 29/12/2009)

The first 600 Mw unit of Rajiv Gandhi Thermal Power Project at Khedar in Hissar district was inaugurated by Haryana Chief Minister, Mr. Bhupinder Singh Hooda. The project is part of the state government's commitment to add 5,000 Mw power generation capacity during the Eleventh Five Year Plan. The unit-2 of this project is next in line for commissioning in March 2010. This Greenfield project has been completed in a record time of 35 months. The project has been allocated coal linkage of 5.55 million tonnes per annum from Mahanadi Coalfields in Orissa.

HIMACHAL PRADESH

POLICY TRACKER

Himachal to come up with tougher excise law (Source: Financial Express, Date: 07/12/2009)

The Himachal Pradesh state government is working on a new law to replace the current Punjab Excise Act, with stringent provisions, including death sentence, to deal with adulteration, smuggling and illegal trade of liquor. The draft bill will be introduced in the coming winter session of the state Assembly to form a separate Excise Act. Two different versions of the Punjab Exercise Act, enacted in 1914 are presently in force in the state. Ending this discrepancy and to bring a uniformity in the laws for the entire state is one of the main objective for the formulation of a separate excise law.

News

HP urges Centre to withdraw affidavit on free power (Source: Financial Express, Date: 19/12/2009)

The Himachal Pradesh state government has appealed to the Centre to withdraw its affidavit from the Supreme Court, which contended the state was not entitled to 12% free power from Bhakra Nangal and Beas projects. Union power ministry had on October 20 last gave an affidavit in the Supreme Court saying HP was not entitled to 12% free power as its share from Bhakra Nangal and Beas projects managed by Bhakra Beas Management Board (BBMB). The Centre's affidavit was in response to a civil suit filed by the HP government in the Supreme Court in June, 1996 for its rightful share in Bhakra Nangal and Beas projects commissioned over four decades back.

HIMACHAL PRADESH

INVESTMENT TRACKER

HP to get first biotech park (Source: Financial Express, Date: 14/12/2009)

The Himachal Pradesh state government has approved setting up of a biotechnology park — the first for the state — near Nalagarh in Solan district under public-private partnership mode. The biotechnology park is estimated to catalyse an investment of up to Rs5 billion with expected 30 R&D-based units starting operations there. Thirty-five acres have already been transferred for the BT park. The park will house a biotechnology incubation centre to be set up at a cost of Rs386.6 million, which will be shared by the Centre (Rs90 million), state government (Rs75.4 million) and the rest by the private investor.

JSW Energy hydel project in HP (Source: Business Standard, Date: 08/12/2009)

JSW Energy Ltd, a leading power company, is expecting to commission its 240 MW Kutehr hydropower project in Himachal Pradesh by December 2015. The hydro-electric power project would come up on the upper reaches of river Ravi in the district Chamba of Himachal Pradesh. The company is investing Rs19.15 billion in the project. At present, the company is conducting geological survey for the project. The cost of the project includes construction and installation of transmission infrastructure to the grid. The company has already obtained NOC and environment clearance for the project

News

Steel ministry to make HP steel hub (Source: Financial Express, Date: 01/12/2009)

Union steel ministry announced that it plans to make Himachal a 'steel hub,' which could meet enhanced needs of steel not just in Himachal but also in neighbouring states of Jammu and Kashmir, Utrakhand, Punjab and Haryana. The ministry and other central PSUs would encourage local entrepreneurs by providing free consultancy, raw materials and also help in marketing products. The steel ministry along with PSUs like SAIL, NMDC, Ispat Nigam and MECON would encourage local businessmen to make more steel items. Per capital consumption of steel in Himachal Pradesh at 15 kg is much lower than the national average of 48 kg.

JAMMU & KASHMIR

POLICY TRACKER

News

Centre to lift pre-paid ban after verification plan (Source: Times of India, Date: 01/01/2010)

The Centre conceded that it was willing to reconsider the ban on pre-paid mobiles in Jammu & Kashmir if service providers could come up with a credible verification plan. The government is in talks with the service providers regarding the issue. If the service providers come up with a fool-proof plan of verification, then the government would consider lifting the ban. The mere imposition of a financial penalty was not helping the security agencies.

PUNJAB

POLICY TRACKER

New policy framework for green energy (Source: Business Standard, Date: 17/12/2009)

The Haryana and Punjab state governments are looking forwards to a better policy framework and subsidies for the promotion of renewable energy in the two states. The Haryana government is spending about Rs300 million on renewable energy and energy conservation programmes during the current financial year. Realising the importance of supporting such initiatives, the state government has decided to create a “Green Energy Fund”. The Punjab state government planned to generate power from mirco-hydel projects from the flowing water as the state had 32 canals and needed assistance to rope in private players for that. Punjab planned to produce 1,000 MW power through renewable energy by 2012.

State increases minimum wages (Source: Business Standard, Date: 19/12/2009)

The Punjab state government has enhanced the monthly minimum wages of the unskilled workers from Rs3,200 to Rs3,398 with effect from September 9, 2009. In order to check the exploitation of teachers, security guards and sweepers working in the private sector or households, they have been brought under the ambit of the Minimum Wages Act, 1948. Nearly 200,000 private security personnel, around 250,000 teachers in private schools all over the state and about 500,000 sweepers and semi-skilled workers would be benefited with this expansion. An employer is liable to a six-month imprisonment or a fine of Rs5,000 or both in case he/she did not pay employee as per the Minimum Wages Act.

News

Sick Punjab units to get stimulus package (Source: Financial Express, Date: 21/12/2009)

To rehabilitate sick industrial units, the Punjab government has decided to extend one time settlement (OTS) scheme up to 31st December 2009. Initially a similar scheme had been launched on December 3 for a period of 90 days. The scheme had been put on hold later in view of Parliamentary elections. Council of ministers decided at a meeting on December 10 to give another chance to those units that had failed to avail the facility. The decision has provided much needed relief to those industrial units that had raised loans from the Punjab State Industrial Development Corporation, the Punjab Agro Industries Corporation and Punjab Financial Corporation but had gone into losses either because of recession or poor demand.

PUNJAB

INVESTMENT TRACKER

L&T to set up thermal plant at Rajpura (Source: Business Standard, Date: 18/12/2009)

Larsen & Toubro Ltd. (L&T) announced plans to establish a 1,320 Mw thermal plant at Rajpura. The state government has assured full support and cooperation for L&T's initiatives to be taken in the larger public interest. The government also promised to sort out the problems related to the short supply of coal in Punjab.

Beckons to establish bio-diesel unit (Source: Business Standard, Date: 18/12/2009)

Punjab-based Beckons Industries Ltd announced plans to invest Rs600 million towards setting up a bio-diesel plant using algae as a feedstock at Derabassi in Punjab. The plant will be the first of its kind in this part of the region. For the purpose, the company has technological collaborative agreement with Austria-based company, Energia, and also an agreement with Germany-based GTZ for carbon credits. Besides, the company is also planning to raise Rs500 million through Global Depository Receipt (GDR) issue. The money raised would be utilised for diversification and expansion. It has plans to set up multi-product pilot-cum-production unit for genetically engineered biotherapeutics with foreign collaborators. Besides, it has plans to explore other areas of renewable energy.

Nectar to set up multi-specialty hospital & five-star hotel in Punjab (Source: Financial Express, Date: 30/11/2009)

Nectar Lifesciences, an integrated pharmaceutical company, announced plans to set up a multi-specialty hospital and a five-star hotel with an investment of Rs5 million in Punjab as part of its plans to diversify into hospitality and healthcare sectors. The company has already submitted a proposal to the government for the project.

Sterlite invests on new Talwandi Sabo plant (Source: Financial Express, Date: 04/12/2009)

Vedanta Group company Sterlite Energy has arranged Rs100 billion for setting up the Talwandi Sabo thermal power plant in Punjab that is expected to be commissioned by 2012. The company has completed all formalities with regard to the financial closure of 1,980 MW Talwandi Sabo power plant as it has tied up with funds. The company has already placed engineering, procurement and construction order worth Rs5 billion.

Garg Acrylics expands plant capacity (Source: Project Alert, Date: 14/12/2009)

Garg Acrylics is investing Rs1.1 billion towards expansion of the company's cotton yarn plant at Dehlon in Ludhiana, Punjab. The company's cotton yarn capacity would be increased from 1,20,000 spindles to 1,60,000 spindles. The project work is currently underway and is scheduled to be completed by June 2010.

News

Dubai World crisis to affect building hardware industry (Source: Financial Express, Date: 01/12/2009)

Already hit by slowing demand due to the financial meltdown, the Dubai debt crisis is likely to further compound the woes of the small industry. Punjab-based exporters of building material to Dubai are a worried lot as they fear the real estate crisis in the emirate would hit order inflows and result into blockage of payments. The state has a bustling building raw material industry in and around Ludhiana, Jalandhar and Amritsar, manufacturing and supplying window and door handles, angles as well as a wide range of fasteners such as nuts and bolts, foundation bolt and ducts for air

conditioning. Industry experts estimate the annual export of fasteners and hardware material to the Middle East at over Rs1 billion.

Bhatinda oil refinery to be fully functional by June 2011 (Source: Financial Express, Date: 17/12/2009)

The Rs189.2 billion Bhatinda Refinery project, being set up by the LN Mittal group, would become functional by June 2011. The economy of the state would move into a higher orbit when the refinery becomes fully functional. Investments worth more than Rs12 billion are expected in the vicinity of the refinery, giving a major boost to ancillary units in Malwa and Doaba regions of the state. These units are likely to be set up Bathinda, Ludhiana and Jalandhar. In addition, transport sector would also benefit from the trade and transit activity at the site. The power situation in the state would also be a major beneficiary from this project as a power plant with capacity of 300 Mw would be set up here.

State government plans 5 power projects (Source: Financial Express, Date: 03/12/2009)

The Punjab state government announced plans to invest Rs360 billion towards setting up five power projects during the next four years to generate over 6,400 Mw electricity. Four thermal power projects are expected to come up in Amritsar, Rajpura, Gidderbaha and Mansa, and a hydel project at Sahapur Khadi. The current installed power capacity of the state is 6,400 Mw and the state plans to more than double this by 2013. The government hopes to more than double the generation capacity of the state in the next four years.

PUNJAB

NOTIFICATION TRACKER

DEPARTMENT OF INDUSTRIES AND COMMERCE

No. US/CO/PSEB-2008/2164

Date 16.12.2009

NOTIFICATION

The Governor of Punjab is pleased to make following amendments in Sr No 3 of the notification issued vide no US/CO/PSEB-2008/ 1096 dated 19.8.2008 under Sub section (2) of Section 14 of “The Punjab Industrial Facilitation Act, 2005”, regarding time schedule for disposal of applications by the competent authority as mentioned below :-

Sr. No.	Approval/clearances required	Competent Authority	Time Limit
1.	Incorporation of Societies/ Firms	Registrar of Firms	10 days
2.	Industrial Enterprnuer Memoranda	General Manager, District Industries Centre	
3.	i) Change of Land Use from Industrial to Residential or Commercial under Notification No. CC/JDP/IP-2003/CLU/1020 A dated 4th/7th March 2005 of Industries Department a) Focal Points carved out by PSIEC/Infotech (b) Focal Points carved and developed by PUDA ii) Change of land use from Agriculture to Industrial or any other purpose outside the focal points. ii) Grant of Licence under PAPR Act, 1995	PSIEC/Infotech PUDA Department of Housing & Urban Development, Punjab Department of Housing & Urban Development, Punjab	40 days 40 days 40 days 30 days

Note: For full text the aforesaid notification may be referred to.

S.S. CHANNY
Principal Secretary to Government of Punjab,
Department of Industries and Commerce

NOTIFICATION

The Governor of Punjab is pleased to make following amendments in “One Time Settlement Scheme for Equity – PSIDC/PAIC-2009 and One Time Settlement Policy for loans – PSIDC/PAIC-2009” notified vide No.15/3/09-AS:6/391 dated 2.3.2009:-

ONE TIME SETTLEMENT POLICY FOR EQUITY – “PSIDC/PAIC 2009”

1. Clause 1 - Eligibility Criteria is amended as under:-

The collaborators/promoters of profit making companies as per Audited Balance Sheet as on 31st March, 2008 shall not be eligible.

A profit making company is one which is earning profits over different years and having Reserves & Surpluses appropriated from the Profit & Loss a/c as per audited Balance Sheet as on 31.3.2008.

2. Clause III(a) - Terms of Payment is amended as under:-

Receipt of Applications – Upto 31.12.2009. This OTS policy is close-ended. No applications will be entertained after the last date mentioned herein.

Note: For full text the aforesaid notification may be referred to.

S.S. CHANNY
Principal Secretary to Government of Punjab,
Department of Industries and Commerce

NOTIFICATION

The Governor of Punjab is pleased to make following amendments in One Time Settlement Policy for the loanee units of Punjab Financial Corporation notified vide No.16/6/09-AS3/380 dated 2nd March, 2009 and also to make OTS for settlement of Interest Free Loan cases a part of this Policy as per details given below:-

1. OTS for Loanees of PFC

Following categories will be covered under OTS Scheme:-

- Riot Affected Borrowers : Outstanding Principal plus expenses plus interest @ 4% (compounded half yearly) from 1.4.1992
- Loans where Companies under liquidation : Outstanding Principal plus expenses plus interest @ 9% (compounded half yearly).
However, OTS amount will not be less than outstanding Principal plus expenses.

Amendments to the Eligibility Clause are made as under:-

- All NPA accounts as on 31st March, 2008 except profit making units.

However, cases jointly financed by PFC and PSIDC will be governed by the definition as prescribed in the OTS Policy for loans of PSIDC/PAIC, 2009.
- Policy to be open till 31.12.2009.
- If the borrowers make lump sum payment within 90 days, no interest will be charged on the OTS amount, and 5% rebate will be given on the OTS amount. However, the OTS (net of rebate) shall not be below the outstanding principal and expenses, in any case.

Note: For full text the aforesaid notification may be referred to.

S.S. CHANNY
Principal Secretary to Government of Punjab,
Department of Industries and Commerce

No.CC/OTS/1964

Date 26.11.2009

NOTIFICATION

The Governor of Punjab is pleased to extend the validity of One Time Settlement Policy of Punjab Financial Corporation notified vide No.16/6/09-AS-3/380 dated 2.3.2009 and One Time Settlement Policy for equity and loans of PSIDC/PAIC notified vide No.15/3/09-AS6/391 dated 2.3.2009, read with notification No.16/6/09-AS-3/825 dated 6.7.2009, till 31st December, 2009.

S.S. CHANNY
Principal Secretary to Government of Punjab,
Department of Industries and Commerce

No. CC/Integrated Multiplex/1956

Date 23.11.2009

NOTIFICATION

Whereas, with a view to facilitate the development of Industry in the State, Government of Punjab has notified The Industrial Policy-2009 vide No. CC/NIP/2009/1547 dated 7.10.2009, which inter-alia provides for Development of Integrated Multiplex Complexes.

Now, therefore, to implement the scheme for Development of Integrated Multiplex Complexes set out in the aforesaid policy, the Governor of Punjab is pleased to notify the detailed scheme (incorporating the provisions of notifications no 5/58/2002/IIB/2725, dated 8.9.2003 and No CC/JDP/Multiplex /63 dated 9.1.2009 and clause 7.7 of the Industrial Policy 2009) as under:-

Note: For full text the aforesaid notification may be referred to.

S.S. CHANNY
Principal Secretary to Government of Punjab,
Department of Industries and Commerce

RAJASTHAN

INVESTMENT TRACKER

Natural Power to set up 5 Mw solar plant in Jaipur (Source: Business Standard, Date: 11/12/2009)

Natural Power, an India-focused solar energy firm, is looking at setting up a 5 Mw solar farm near Jaipur at a cost of Rs850 million. The company will finance 70% of the total project cost through a combination of private equity and debt raised from Indian and foreign investors. The company received approval from the Rajasthan government a month back. The project will use debt and equity in the ratio of 70:30. Though Indian banks are offering debt at 8%, the company is looking to get it sourced from outside India at 6-6.5%, thereby making the project more attractive for investors. The 5-Mw project has approvals to expand to over 40 Mw dependent on requirements. The company has secured 75% of the required approvals to produce 40 Mw and will consider upgrading this to 100 Mw at a later point.

Jagdamba TMT Mills sets up TMT bars unit (Source: Project Alert, Date: 14/12/2009)

Jagdamba TMT Mills Ltd. is setting up a TMT bars unit at S K S Industrial Area in Sikar, Rajasthan. The plant, which is being established on a 20,000 sq. mtrs. land, will have a capacity of 45,000 tpa. The project work is currently underway and is scheduled to be completed by December 2010.

RAJASTHAN

NOTIFICATION TRACKER

COMMERCIAL TAXES DEPARTMENT

No.F.16 (375) Tax/VAT/CCT/ 06-1198

Date 29.12.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (3) of section 21 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003), I, B.N.Sharma, Commissioner Commercial Taxes, Rajasthan, being of the opinion that it is expedient in the public interest so to do, hereby extend the date of submission of annual return in Form VAT-10A for the year 2008-09, to be furnished by a dealer under sub-rule (1A) of rule 19 or sub-rule (1A) of rule 19A of the Rajasthan Value Added Tax Rules, 2006, up to January 31, 2010.

[No.F.16 (375) Tax/VAT/CCT/ 06-1198]

(B.N. Sharma
Commissioner
Commercial Taxes

No.F.16 (375) Tax/VAT/CCT/ 06-1166

Date 21.12.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (3) of section 21 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003), I, B.N.Sharma, Commissioner Commercial Taxes, Rajasthan, being of the opinion that it is expedient in the public interest so to do, hereby dispense with the requirement of filing annual return in Form VAT-10A for the year 2008-09, by a dealer who has filed the Audit report in under section 73 of the Act within the time limit prescribed for filing the annual return.

[No.F.16 (375) Tax/VAT/CCT/ 06-1166]

(B.N. Sharma
Commissioner
Commercial Taxes

No.F.16 (375) Tax/VAT/CCT/ 06-1158

Date 21.12.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (3) of section 21 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003), I, B.N.Sharma, Commissioner Commercial Taxes, Rajasthan, being of the opinion that it is expedient in the public interest so to do, hereby dispense with the requirement of filing annual return in Form VAT-10A for the year 2008-09, by a dealer who has opted for payment of tax under sub-section (2) of section 3 or section 5 or under a notification issued under sub-section (3) of section 8 of the Act and has filed annual return in Form VAT-11.

[No.F.16 (375) Tax/VAT/CCT/ 06-1158]

(B.N. Sharma)
Commissioner
Commercial Taxes

FINANCE DEPARTMENT (TAX DIVISION)

No.F.2 (67)FD/Tax/2006-pt-71

Date 10.12.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (2) of section 69 of the Registration Act, 1908 (Central Act No.16 of 1908), the State Government hereby approve and publish the following rules further to amend the Rajasthan Registration Rules, 1955, made by the Inspector General of Registration and Stamps of Rajasthan, in exercise of the powers conferred on him by sub-section (1) of the said section of the said Act, namely:-

1. Short title and commencement – (1) These rules may be called the Rajasthan Registration (Amendment) Rules, 2009.
2. Amendment of rule 96 –In rule 96 of volume 1 of the Rajasthan Registration “or through”, the expression “upto 10,000/-“ shall be inserted.

By Order of the Governor,

(Vaibhav Galria)
Dy. Secretary to the Government

No.F.12 (125)FD/Tax/09-pt-71

Date 10.12.2009

NOTIFICATION

In exercise of the powers conferred by sub-section (3) and (4) of section 13 of the Central Sales Tax Act, 1956 (Central Act No.74 of 1956), the State Government hereby makes the following rules further to amend the Central Sales Tax (Rajasthan) Rules, 1957, namely:-

1. Short title and commencement – (1) These rules may be called the Central Sales Tax (Rajasthan) (Third Amendment) Rules, 2009.
2. Amendment of rule 17F –In rule 17F of Central Tax (Rajasthan) Rules, 1957 for the existing expression “along with the proof of payment of fee notified under rule 17 or 17F” the expression “along with the proof of payment of fee of Rupee one hundred for each book containing twenty five declaration forms” shall be substituted.

By Order of the Governor,

(Vaibhav Galria)
Dy. Secretary to the Government

No.F.12 (94)FD/Tax/07-69

Date 9.12.2009

NOTIFICATION

In exercise of the powers conferred by section 5 of the Rajasthan Value Added Tax Act, 2003 (Act No.4 of 2003), the State Government being of the opinion that it is expedient in the public interest so to do, hereby makes the following amendment in this department's notification No.F.12 (94)FD/Tax/07-54 dated 31.08.09, namely:-

AMENDMENTS

In the said notification,

- (i) after the existing clause 3.2 the following new clause 3.3 shall be added, namely:-
“3.3 the composition amount payable under the scheme shall be reduced to the extent of the amount of tax payable and deposited in the State treasury by the purchasing retail-off dealer in respect of his sales of Foreign Liquor, IMFL or Beer, subject to the conditions that the dealer opting for the scheme shall obtain a certificate from the assessing authority of such retail-off dealer to the effect that:-
 - (i) the claim of input tax credit, to the extent of the tax paid to the opting dealer on its purchases, has been reversed;
 - (ii) no claim of adjustment/refund of tax so deposited, would be allowed to such retail-off dealer”
- (ii) for the existing clause 5.2, the following shall be substituted, namely:-
“5.2 The dealer opting for composition scheme may issue VAT invoice for the period 01.04.2009 to 07.09.2009 and thereafter shall issue invoice as prescribed under the Act and Rule made thereafter.”

By Order of the Governor,

(Vaibhav Galria)
Dy. Secretary to the Government

UTTAR PRADESH

POLICY TRACKER

Reforms in township policy to encourage private investment (Source: Business Standard, Date: 08/12/2009)

The Uttar Pradesh state government proposed to change the state township policy to give more incentives to private developers and builders. The state had invited preliminary bids from reputed firms and consortiums for the development of modern townships all over the state. But the response has so far been lukewarm owing to certain pre-conditions in the policy, which will now be fine-tuned. Announced in August 2009, Uttar Pradesh's new Township Policy aimed at promoting private investment in developing modern townships all over the state. Thereafter, the state invited bids for the development of modern townships. Leading developers have evinced interest in developing the townships. Since the minimum land area and investment criteria for each township is 1,000 acres and Rs10 billion, respectively, the flow of private investment would be massive in the state real estate sector.

News

Cane farmers demand hike in SAP (Source: Business Standard, Date: 18/12/2009)

Uttar Pradesh cane farmers are demanding that the state government hike the State Advised Price (SAP) to the levels being offered by the neighbouring states of Uttarakhand, Punjab and Haryana. The farmers demanded that the government increase SAP to the level of about Rs190-195/quintal from the present level of Rs165-170. The mills are already paying an incentive of Rs45/quintal on SAP, which brings the effective cane price at present to Rs210-215. Farmers further demanded that the sugar mills pay them the difference in the cane price from retrospective effect since the crushing started. Meanwhile, the cooperative and corporation mills are not paying the incentives to farmers unlike private mills. At present, a total of 125 mills are crushing in UP, including 89, 25 and 11 units in the private, cooperative and corporation sectors respectively.

UTTAR PRADESH

INVESTMENT TRACKER

Renuka Sugars to invest in Balrampur Chini (Source: Business Standard, Date: 16/12/2009)

Shree Renuka Sugars is in talks with Balrampur Chini Mills to acquire the promoters' stake (36.67%) in the country's second-largest sugar company. While Renuka Sugars is yet to offer any price, discussions between the two companies started a month back. Talks are very much at a preliminary stage at the moment. Balrampur Chini has nine sugar factories in eastern Uttar Pradesh and has a capacity to crush 73,500 tonnes of sugarcane per day. If the deal materialises, Renuka Sugars, which at present has a cane crushing capacity of 60,000 tonnes a day, would become the second largest sugar manufacturer.

UTTAR PRADESH
NOTIFICATION TRACKER

COMMERCIAL TAXES DEPARTMENT

No.KA.NI.-2-2581/XI-9(1)/08-U.P.Act-5-2008Order-(52)-2009

Date 4.12.2009

NOTIFICATION

In exercise of the powers under sub-section (4) of section 4 of the Uttar Pradesh Value Added Tax Act, 2008 (U.P.Act No. 5 of 2008), the Governor is pleased to make with effect from April 01, 2010 the following amendments in Schedule-II to the said Act:-

AMENDMENT

In the said Schedule-II, in Part-C, for the entry at serial number 264, the following entry shall, columnwise, be substituted, namely:-

S.no.	Name and description of goods
1	2
264	Barley, Malt, yeast, gel (cake improver); bread improver, bakerymix, baking powder.

By Order,

(Desh Deepak Verma)
Pramukh Sachiv.

UTTARAKHAND

POLICY TRACKER

State declares highest SAP in India (Source: Business Standard, Date: 04/12/2009)

The Uttarakhand state government recently declared the state advised price (SAP) for sugarcane at Rs192-197, which is the highest in the country. For the normal and early varieties, the price has been fixed at Rs192 and Rs197 respectively. The availability of the rejected variety is negligible in the state. With the announcement, all the 10 sugar mills in the state have started their crushing season.

News

State to implement Saz as pilot project (Source: Business Standard, Date: 11/12/2009)

Despite not getting cabinet approval, the Uttarakhand agriculture and horticulture departments are going ahead with their plans to implement some of the controversial provisions of the proposed agriculture policy that includes the Special Agriculture Zones (Sazs) for protecting farmland and achieving food security through integrated approach. The departments had taken up the concept of Saz as a pilot project in three blocks - Raipur in Dehra Dun district, Pokhra in Pauri and Kotabagh in Nainital. The government has also proposed setting up of self-employment units (Seus) like fisheries, tea gardens, dairy farming and horticulture-related activities.

State encourages multiple usage of pine needles (Source: Business Standard, Date: 17/12/2009)

The state forest department has invited expressions of interest (EOIs) from all those companies which have developed expertise on multiple usages of pine needles in various products. The forest department is of the view that this biomass waste could be utilised for multiple usages like gasifier-based energy, briquettes and other environment-friendly products leading to reduction in carbon emission. Under the new plan, the interested companies which apply to procure needles, would be asked to sign an MoU with the government under which they have to abide by certain conditions.

Commercial tax department to collect luxury tax (Source: Financial Express, Date: 02/12/2009)

With an intention to ramp up its revenues, the Uttarakhand state government has entrusted the commercial tax department with the collection of luxury tax from the tourism department. Despite high tourist arrivals, luxury tax mop-up is less in the state when compared to other states like Goa and Himachal Pradesh.

UTTARAKHAND

INVESTMENT TRACKER

News

L&T agrees with state demands on hydel project (Source: Business Standard, Date: 09/12/2009)

Larsen and Toubro Ltd. (L&T), an infrastructure major, has accepted all the demands in its implementation agreement with the Uttarakhand government on the 99-Mw Singoli-Bhatwari hydel project in the hilly Rudraprayag district. This is the first such agreement under the new policy guidelines issued by the state government. Under the agreement, L&T agreed to provide 12% power on the enhanced capacity of the project to the state on the rates prescribed by the Uttarakhand Electricity Regulatory Commission (UERC). The capacity of the project had been increased to 99 Mw from 60 Mw. Besides, the company would also provide 200 units of free power to all the villages falling under the 2 km radius of the reservoir as well as the power house. The company has proposed to invest Rs6-Rs7 billion in this project. Singoli-Bhatwari is being built on public-private partnership (PPP) model. It is being executed by on a build-own-operate-transfer (BOOT) basis.

State plans IIM at Kashipur (Source: Business Standard, Date: 23/12/2009)

The Uttarakhand government proposed to set up an Indian Institute of Management (IIM) in Kumaon region of the hill state. The government has identified two sites, Escort Farms in the industrial town of Kashipur and Pant Nagar agriculture university.

This Tracker has been prepared by

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